

How Long before the Next Movie Sequel is Released? An Investigation of Time between Releases and Prior Success

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Forecasting product sales can be a guessing game (Bass, 1969). This can also be said for the movie industry where a multitude of factors can influence the success of movies (Hennig-Thurau, Houston, & Heitjans, 2009). Since movies have short product life cycles, there has been considerable emphasis placed on investigating the factors that influence the success of movies (e.g., Basuroy, Chatterjee, & Ravid, 2003; Ainslie, Dreze, & Zufryden, 2005; Brewer, Kelley, & Jozefowicz, 2009; Dhar, Sun, & Weinberg, 2012).

One trend in the movie industry is that of cashing in on the success of a prior movie by introducing a sequel (Berliner, 2001). This is an area of interest to both researchers and practitioners because of the accessibility of data and the considerable economic importance of the industry (Eliashberg, Elberse, & Leenders, 2006).

There may be important short-time performance effects worth considering (Dhar, Sun, & Weinberg, 2012). Though some prior research has considered timing effects (e.g., Basuroy & Chatterjee, 2008), we further investigate the effect of timing on influencing performance. On one hand, one would want to extract all equity out of a movie at the box-office prior to considering releasing the movie into other distribution channels (e.g., DVD, Blu-ray, on demand video, etc.). On the other hand, there may be some point at which an anticipation effect occurs where demand builds up for a new movie to be released within a franchise. To investigate these perspectives, we consider the possibility of a curvilinear relationship for the time between movie releases within a franchise and movie sequel success. Considering the length of product development cycles for movies, it is critical to practitioners that timing factors be investigated.

Another key factor we consider is the success of the prior movie. Specifically, if a prior movie within a franchise is a box-office success, then should a movie sequel release be delayed in order to extract all brand equity from the prior release before the sequel is released? If the prior movie performs poorly at the box-office, should a sequel be released quickly to restore the franchise or should one wait for the negative effects of the poor box-office performance to wear off? We consider these questions in tandem with timing effects when we investigate the interaction effects of timing and prior movie success.

We test our hypotheses using a database of 147 movie franchises. We consider supply and demand factors by including production budget, advertising, duration of movie, number of screens, quality, etc. Our results suggest timing effects are important to consider and that prior success too may influence future box-office performance.